

EXHIBIT B

Rule 2016 Statement

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-12480 (JTD)

(Jointly Administered)

**STATEMENT OF YOUNG CONAWAY STARGATT & TAYLOR, LLP
UNDER RULE 2016 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE AND SECTION 329 OF THE BANKRUPTCY CODE**

1. Young Conaway Stargatt & Taylor, LLP (“Young Conaway” or the “Firm”),² pursuant to Bankruptcy Rule 2016, Local Rule 2016-1, and section 329 of the Bankruptcy Code, states that the undersigned is proposed bankruptcy co-counsel to the Debtors in these Chapter 11 Cases.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

² Capitalized terms used but otherwise not defined herein shall have the meaning ascribed to them in the *Debtors’ Application for an Order Authorizing the Retention and Employment of Young Conaway Stargatt & Taylor, LLP as Co-Counsel for the Debtors, Effective as of the Petition Date* (the “Application”).

2. Compensation agreed to be paid by the Debtors to Young Conaway will be for legal services rendered in connection with these Chapter 11 Cases. The Debtors have agreed to pay Young Conaway at the firm's standard hourly rates for the legal services rendered or to be rendered on the Debtors' behalf in connection with these Chapter 11 Cases by Young Conaway's various attorneys and paralegals. The Debtors have also agreed to reimburse Young Conaway for its actual, necessary, and reasonable expenses incurred in connection with these Chapter 11 Cases.

3. Young Conaway was retained by the Debtors pursuant to an engagement agreement dated as of August 27, 2024 (the "Engagement Agreement"). In accordance with the Engagement Agreement, Young Conaway received retainer payments in the amounts of (i) \$150,000.00 on September 4, 2024, and (ii) \$317,114.00 on October 24, 2024 (collectively, the "Retainer") in connection with the planning and preparation of initial documents, its proposed representation of the Debtors, and chapter 11 filing fees. In total, Young Conaway received payments from the Debtors for services rendered prior to the Petition Date as follows:

| Invoice Date | Billing Period | Payment Date | Payment Amount | Form of Payment | Retainer Balance |
|---------------------|-----------------------|---------------------|---------------------------|------------------------|-------------------------|
| N/A | Initial Retainer | 9/04/2024 | \$150,000.00 | Retainer | \$150,000.00 |
| 9/18/2024 | 8/27/2024-9/13/2024 | 9/19/2024 | \$107,614.90 | Wire | \$150,000.00 |
| 10/03/2024 | 9/14/2024-9/30/2024 | 10/15/2024 | \$101,943.60 | Wire | \$150,000.00 |
| 10/17/2024 | 10/01/2024-10/15/2024 | 10/18/2024 | \$116,606.60 | Wire | \$150,000.00 |
| N/A | Supplemental Retainer | 10/24/2024 | \$317,114.00 ³ | Retainer | \$467,114.00 |

4. At no point did the fees due and owing to Young Conaway exceed the balance of the Retainer. Young Conaway has performed a final reconciliation of its Retainer against its

³ Such amount comprises a supplemental retainer in the amount of \$225,000.00 and an advance payment for filing fees in the amount of \$92,114.00.

prepetition services and expenses. Young Conaway received the Retainer in the amount of \$467,114.00 pursuant to the terms of the Engagement Agreement. Young Conaway reconciled \$388,599.56 against the Retainer and a balance of \$78,514.44 remains, which will constitute a general retainer as security for postpetition services and expenses.

5. Young Conaway received no other payments or promises of payment from the Debtors on account of services rendered or to be rendered in contemplation of or in connection with these Chapter 11 Cases. Young Conaway will seek approval of payment of compensation upon its filing of appropriate applications for allowance of interim or final compensation pursuant to sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any applicable orders of the Court.

6. All filing fees in these Chapter 11 Cases have been paid in full.

7. The services to be rendered include all those services set forth in the Application.

8. Young Conaway further states that it has neither shared nor agreed to share (i) any compensation it has received or may receive with another party or person, other than with the partners, counsel, and associates of Young Conaway, or (ii) any compensation another person or party has received or may receive.

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Dated: December 19, 2024

Respectfully submitted,

/s/ Edmon L. Morton

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